



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Mayor's Proposal for Performance Measures for the Fiscal Year 2013 Proposed Budget

OVERVIEW

At the Budget and Finance Committee on October 5, 2011, the Mayor's Office will be providing an update on performance measures that they plan to include in the Fiscal Year 2013 Proposed Budget as well as the revised schedule for updating the City's Strategic Plan. By way of background, in June 2010 the Mayor announced suspension of the reporting of all performance measures until FY 2013. The following statement was placed in the FY 2011 Budget Document indicating as such:

"New goals and objectives for Fiscal Year 2011, performance measures and sizing/workload data have not been included because of changes resulting from mid-year budget reductions and updates being made to the City's Strategic Plan."

Recognizing the importance of consistently measuring City performance, the IBA discussed with the Mayor's Office providing "Interim Budget Measures" for the FY 2012 budget process during this suspension. It was agreed that this interim step would consist of a reduced number of measures (two to six per service area) to be identified by the Mayor and reviewed with the Budget and Finance Committee for input. For these interim measures, the Mayor's Office stated they would provide FY 2010 actual results and FY 2011 estimated results but not FY 2012 targets. Interim measures were provided in the FY 2012 budget documents as agreed. This interim approach was accepted by the Committee for FY 2012 given the challenge of forecasting service impacts of significant budget reductions that had occurred in the prior year. It was understood that more comprehensive measures would be provided and performance targets would resume for FY 2013 along with prior year actuals and current year estimates.

The report issued by the Business Office for this item (No. 11-125 "Performance Measures for the FY 2012 Proposed Budget") notes that for FY 2013 departments will again be asked to update their performance measures only for prior year actuals (FY 2011) and current year

estimates (FY 2012). No targets will be provided to match to proposed (or adopted) FY 2013 funding levels. They have indicated that performance data for all three fiscal years will be provided in April 2013 for the FY 2014 budget process following an update of the Strategic Plan which is now expected to begin November 2012 and be completed in FY2013. The Strategic Plan update was originally planned to begin following adoption of the FY 2012 Budget.

We would note that the City's current adopted Budget Policy which went in to effect November 1, 2010 contains a section on "Performance Reporting and Monitoring" which calls for the following:

"The Business Office manages the activities related to performance monitoring and reporting. Performance information is provided using reporting templates that include the departments' objectives and associated measures organized in the Balanced Scorecard (BSC) framework. Baseline and target information shall also be included to provide context for the current data and allow departments to identify trends. (Emphasis added) Explanations should be given for performance measures not meeting or trending toward performance target."

The City's performance measures have evolved significantly over the past several years to include meaningful information for City departments, the community and the City's elected leaders and should be fully utilized. This information aids departments in measuring their productivity and effectiveness; informs the community of service levels they are receiving for their tax dollars; and assists City leaders in making informed budget decisions. Performance data, including targets for the upcoming year, are also critical to an effective management competition process. They inform and assist the Council in carrying out their Charter mandate to ensure maintenance of service levels in the managed competition process; and help to accurately convey performance expectations in Statements of Work and Requests for Proposals. We encourage the Business Office to resume providing three fiscal years of performance data (prior year, current year and targets) for the upcoming year for FY 2013 budget process consistent with the City's Budget Policy.



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